

# COLORADO ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Colorado is the proud home of two Clean Cities:

Colorado Springs

Denver

## Overview

The main incentive for alternative fuel vehicles (AFVs) in Colorado is the rebate program of \$1,500 to \$6,000 per vehicle from the Governor's Office of Energy Conservation (OEC) in partnership with Colorado natural gas and propane fuel providers and the U.S. Department of Energy. In addition, Colorado offers a 5% state tax credit to vehicle owners who convert or purchase an AFV. By purchasing clean fuel vehicles, fleet owners earn credits that can be sold, traded, or saved to meet future clean fuel vehicle purchase requirements of the Clean Fuel Fleet Program. Most of the Colorado gas and propane fuel suppliers provide support for alternative fuel projects by participating in the state program.

## Highlights

### \$ Rebate from the OEC of:

\$1,500 for light-duty vehicles

\$2,500 for light-duty trucks

\$3,500 for medium-duty trucks

\$6,000 for heavy-duty vehicles

### \$ 5% state tax credit to vehicle owners who convert their vehicle to run on an alternative fuel or purchase an AFV

## State Incentives

\$ The OEC, in partnership with the Colorado alternative fuels industry and the U.S. Department of Energy, offers rebates to qualified fleets and individuals making the switch to alternative fuels. All public and private fleets and individuals are eligible, except fleets operated by the Federal Government and fuel suppliers. Rebates paid to any one fleet or individual are limited to \$100,000 per calendar year, and rebates are available on a first-come first-served basis. The total rebate cannot exceed 50% of the conversion or the incremental cost of the alternative fuel option in a new vehicle. Rebates are capped at the following levels: \$1,500 for light-duty vehicles, \$2,500 for light-duty trucks, \$3,500 for medium-duty trucks (8,500 lbs. to 14,000 lbs.), and \$6,000 for heavy-duty vehicles (more than 14,000 lbs.).

Rebates are currently available for natural gas and liquefied petroleum gas (LPG) vehicles. This rebate is not available for electric vehicles (EVs) until electric utilities join the program. Your fuel supplier will determine your rebate amount and approve your application. Contact the OEC for an Alternative Fuels Rebate Handbook, which includes a list of participating fuel suppliers and a rebate application. The OEC toll-free number is (800) OEC-6662. For additional information, contact Tom Brotherton or Kate Fay at (303) 620-4292.

\$ Between July 1, 1992 and June 30, 1998, House Bill (HB) 92-1191 provides a 5% tax credit to vehicle owners who convert their vehicle to run on an alternative fuel or purchase an AFV. Clean burning alternative fuels are defined as natural gas, LPG, E85 (85% ethanol), M85 (85% methanol), electricity, or any other alternative fuel approved by the Air Quality Control Commission. The credit cannot exceed 50% of the actual cost of the conversion or the incremental cost of the manufacturer's original equipment, and is limited to a total of 50 cars and trucks for each taxable year. For more information, contact Bob Kandt at (303) 534-7944, extension 544.

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### *State Incentives (cont.)*

Colorado has enacted a Clean Fuel Fleet Program, beginning in 1998, to reduce exhaust emissions from motor vehicles by requiring fleets with 10 or more vehicles to include clean fuel vehicles (CFVs) in their fleets on a percentage basis. This program will apply to all or part of the counties of Adams, Arapaho, Boulder, Denver, Douglas, and Jefferson. By purchasing CFVs or converting conventionally fueled vehicles to CFVs, fleet owners and operators will generate credits that they can earn, bank, trade, sell, or purchase to satisfy Clean Fuel Fleet Program purchase requirements. Instead of purchasing/acquiring CFVs, eligible fleets could use previously banked, traded, or purchased credits as a means of meeting their future CFV purchase requirements. Contact Macie LaMotte, Jr., Environmental Protection Specialist, at (303) 692-3133 for more information about the Clean Fuel Fleet Program and the credit program.

### *Utilities/Private Incentives*

Most Colorado natural gas utilities support alternative fuel projects by contributing to the state public/private rebate program through the OEC. In addition:

**Colorado Interstate Gas Company** provides incentive funding on a case-by-case basis and offers technical assistance to customers in converting vehicles to run on natural gas. Contact Skip Simonton at (719) 520-4527 for more information.

**Natural Fuels**, a subsidiary of Public Service Co. of Colorado, offers station financing, design and construction, temporary fueling facilities, technical assistance, and conversion. Natural Fuels also operates a network of public compressed natural gas (CNG) fueling stations throughout Colorado. For more information, contact John Gonzales or Paul Nelson at (303) 322-4600.

**The National Ethanol Vehicle Coalition (NEVC)** is part of a joint public/private partnership to promote 85% ethanol (E85) as an alternative transportation fuel. Through a pilot grant from the U.S. Department of Energy, NEVC provides forgivable loans for the installation of public E85 refueling facilities. For additional information, contact Phil Lambert at (314) 635-8445.

### *Laws & Regulations*

Fuel tax exemptions for CNG or LPG are included in Colorado HB 88-1161. Instead of paying the 22¢ per gallon tax on gasoline, owners of gaseous fueled vehicles purchase an annual tax decal for \$70, \$100, or \$125, based on the gross weight of the vehicle. All CNG and LPG vehicles must display a current fuel tax decal in the front window. Non-profit transit agencies are exempt from the fuel tax.

A 1990 law removed the sale of natural gas as a transportation fuel from the jurisdiction of the Public Utilities Commission.

In fiscal year 1995, 40% of the new vehicles purchased or leased by state agencies must run on alternative fuels.

Denver's City Council passed an ordinance in 1992 requiring all fleets of 30 or more vehicles to convert 10% of their vehicles to alternative fuels.

In 1993, Denver's Mayor promised to reduce the size of city fleets and to stock them with less-polluting vehicles. Under the "Green Fleets" plan, fuel expenditures must be cut by 1% annually, and city fleets must reduce their carbon monoxide emissions by 1.5%.

Regulation 14 of the Colorado Air Quality Control Commission established emissions performance criteria that aftermarket conversion systems must meet.

Legislation adopted in 1992 established a certification program for mechanics converting motor vehicles to alternative fuels and working on alternative fuel fleets.

## COLORADO ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS

### *Points of Contact*

#### **Colorado Springs Clean Cities Coordinator**

Ken Romero (719) 636-5709  
Colorado Springs Utilities

#### **Denver Clean Cities Coordinators**

Theresa Donahue (303) 640-4399  
City and County of Denver

Deborah Killian (303) 436-7323  
City and County of Denver

#### **Colorado State Energy Office**

Governor's Office of Energy Conservation (OEC)  
Kate Fay (800) OEC-6662  
Tom Brotherton (303) 620-4292

#### **Colorado Interstate Gas Company**

Skip Simonton (719) 520-4527

#### **Natural Fuels**

John Gonzales (303) 322-4600  
Paul Nelson

#### **National Ethanol Vehicle Coalition**

Phil Lambert (314) 635-8445

#### **Metropolitan Planning Organizations**

##### **Denver Regional Council of Governments**

George Scheuernstuhl (303) 455-1000

##### **Pikes Peak Area Council of Governments**

Ken Prather (719) 471-7080

#### **Colorado State Transportation Contact**

Harvey Atchison (303) 757-9525

#### **U.S. Department of Energy Regional Support Office**

Denver Regional Support Office  
Laura Adducci (303) 231-5750  
extension 155

#### **U.S. Department of Transportation Contacts**

##### **Federal Highway Administration**

Region 8  
Robin Smith (303) 969-6712

##### **Federal Transit Administration**

Region 8  
Don Cover (303) 844-3242

##### **General Services Administration**

##### **Regional Fleet Manager**

Region 8  
Irv Merwin (303) 236-7591

##### **U.S. Environmental Protection Agency**

##### **Regional Pollution Prevention Coordinators**

Region 8  
Laura Farris (303) 312-6883  
Judy Wong (303) 312-6356